Annual Report 2025

PARAMO, a.s.

Table of Contents:

1. Profile

The joint stock company PARAMO (hereinafter the “Company” or “PARAMO”) was established by transformation from the state enterprise PARAMO Pardubice as at 1 January 1994 and continued the tradition of oil processing that began in 1889.

The joint stock company PARAMO Pardubice was established for an indefinite period without a call for subscription of shares by the National Property Fund of the Czech Republic, as the sole founder, based on a founding deed (containing the founder’s decision within the meaning of Section 172(2) and (3) and Section 171(1) of Act No. 513/1991 Coll., the Commercial Code), dated 18 November 1993 in the form of a notarial deed. The Company is entitled to establish other legal entities or to acquire an interest in existing legal entities.

PARAMO was privatised in the second wave of coupon privatisation in 1993-1994, with more than 70% of the shares being transferred to the National Property Fund of the Czech Republic. This shareholding was purchased in 2000 by UNIPETROL, which subsequently concentrated domestic production and sales of lubricating oils after the acquisition of KORAMO. KORAMO was incorporated into PARAMO in 2003. UNIPETROL increased its 73.53% interest in PARAMO’s registered capital to 88.04% in November 2007 by purchasing 14.51% of the shares in the Pardubice refinery from MEI group companies. UNIPETROL purchased 3.73% of PARAMO shares from PKN ORLEN in August 2008, meaning it owned 91.77% of the refinery’s registered capital. It subsequently decided to buy all other PARAMO shares in January 2009. Unipetrol therefore became the sole shareholder in PARAMO, but was renamed ORLEN Unipetrol in 2021. The HS Kolín plant was spun off in 2023 and subsequently merged with the successor company ORLEN Unipetrol RPA s.r.o.

The joint stock company PARAMO holds certificates confirming the correct setup of its quality management system according to ISO 9001: 2015, its environmental management system according to ISO 14001:2015 and its occupational health and safety management system according to ČSN ISO 45001:2018. In its production activities, the Company prefers to eliminate or significantly reduce sources of potential environmental risks.

PARAMO is a manufacturer of process oils, waxes, asphalt insulation products and road asphalts. These products are placed on both domestic and foreign markets.

The joint stock company, which is managed by a board of directors with specialist operating officers and a chief executive officer, had 205 employees as at 31 December 2025.

2. Significant Events in the Year

- Significant investments were made in 2025 to reduce the carbon footprint of both process oils and asphalt products, particularly in the energy sector. A new, more energy-efficient gas-fired boiler for steam generation was operated in test and then full operation in 2025. Based on this successful investment, the obsolete boiler number 2 was physically and then officially decommissioned. The new K5 boiler is 8% more efficient, which also improves the economics of production. The K1 boiler, whose service life is coming to an end, became the backup for the new K5 boiler and its residual service life was determined.
- Similarly, a significant investment was made in the modernisation of the electrical substation to ensure the safe operation of the electricity network. In addition, an investment was made in the modernisation of the EFS and gas detection.
- As part of the process oil development programme, a new type of process oil for industry called PARAMO NFLEX was launched, with production based on greater use of the solvent dewaxing unit and further processing at the selective refining unit.
- Another important step towards sustainable products was registration in the REACH system, followed by the introduction of a range of new products for the rubber industry under the PARAMO PNO designation.
- Tanks were modernised in the asphalt operation. The inerting and replacement of heating tubes on tanks AR2 and AR6 and the upgrading of tanks AR12 and AR 13 also helped considerably. The asphalt operation is therefore also making certain changes for better and becoming more stable. It currently produces a wide range of industrial asphalts mainly for industrial and construction purposes and special hard road asphalts for road construction applications and for asphalt surfaces placed under a high load. It continued the renewed production of modified asphalts marketed under the MOFALT brand in 2025 to a certain degree.
- The fuel terminal also underwent a major upgrade in 2025. Newly launched in 2025, HVO 100 is a clean advanced biofuel that is pure hydrogenated vegetable oil. Its very good low-temperature properties and high cetane number are great advantages. Similarly, Arctic class diesel fuel was successfully introduced in 2025. It is mainly intended for backup systems, hospital generators and generators for critical infrastructure elements. It has found a place not only on the Czech market, but also on the Slovak market.
- Significant investments include investments in the storage of the ETBE bio-based component added to premium petrols and the upgrading of the fuel dispensing terminal itself.

3. Strategies and Plans

The Company's future development strategy is based on four pillars.

- Asphalts and asphalt products
- Services – operation of fuel storage and dispatch facilities
- Optimisation and development of process oil production.
- Optimisation of energy costs in production and non-production parts

4. Statutory Bodies and Company Management

4.1 Board of Directors – Status as at 31 December 2025

Konrad Szykuła	Chairman of the Board of Directors from 15 January 2025
Milan Brejchal	Deputy Chairman of the Board of Directors from 15 January 2025

Changes on the Board of Directors in 2025

The following changes were made to the composition of the board of directors in 2025:

– On 14 January 2025, Jacek Świtała was removed from his position as a Member of the Board of Directors.
– On 14 January 2025, Milan Brejchal was elected as a Member.
– On 15 January 2025, Konrad Szykuła was appointed Chairman of the Board of Directors.
– On 15 January 2025, Milan Brejchal was appointed Deputy Chairman of the Board of Directors.

4.2 Supervisory Board – Status as at 31 December 2025

Michał Chmiel	Member from 21 June 2023, Deputy Chairman from 6 September 2023
Zdeněk Jíra	Member of the Supervisory Board from 13 May 2025

Changes on the Supervisory Board in 2025

The following changes were made to the supervisory board in 2025:

– On 13 May 2025, Szymon Gajda was removed from his position as a Member of the Supervisory Board.
– On 13 May 2025, Zdeněk Jíra was elected as a Member of the Supervisory Board.

4.3 Management – Status as at 31 December 2025

Konrad Szykuła	Chief Executive Officer, Chief Financial Officer
Milan Brejchal	Chief Security Officer
Jan Jehlička	Chief Production Officer
Pavel Němec	Chief Business Development Officer
Jan Hejduk	Chief Capex and Maintenance Officer

5. Report of the Board of Directors on the Company's Business Activities and the Balance of its Assets for 2025

5.1 Company Developments

The Company's financial results were affected in 2025 by the continued restructuring of the Company and the change to the business model, which was initiated in 2021 with the Synergy project with ORLEN OIL, Sp. z o.o. (a subsidiary of ORLEN S.A.). Stabilisation of the set system of sales of PARAMO, a.s., final products was evident in 2025 and the process oil product portfolio was also expanded to include new types of products for industry.
The Company is included in the model of raw material flow management in the ORLEN Unipetrol group and cooperation within the ORLEN group has been expanded. Joint planning ensures a continuous supply of raw materials for the production of process oils, asphalts and all components for the production and distribution of fuels. The market for road and industrial asphalts remained around the planned values from the start of the year and sales successfully stabilised during the year. An all-time high was reached in the production of asphalt emulsions.

5.2 Production

Oils
Production at PARAMO, a.s., focused on the production and development of process oils for the rubber industry in 2025. We also focused on setting up energy optimisation and on the implementation of a project to introduce and register a new type of sustainable process oil, PARAMO PNO, for industry.
In the Group, PARAMO is involved in product innovations and their introduction into operational practice mainly in the process oil segment, and a new type of oil, PARAMO NFLEX, was introduced thanks to this.

Asphalts and Asphalt Products
It is a great success for PARAMO, a.s., that it produces a wide range of industrial asphalts mainly for industrial and construction purposes and special hard road asphalts for road construction applications and for asphalt surfaces placed under a high load. PARAMO continued the renewed production of modified asphalts marketed under the MOFALT brand in 2025.
The distributor with exclusive rights is ORLEN Asfalt Česká republika s.r.o. The basic raw materials are purchased from ORLEN Unipetrol RPA. Other additional materials are purchased on the EU market.
The asphalt product range supplements the products offered for use in construction and road building. PARAMO is significantly innovating in this field and offering new products, especially in the field of asphalt paints and sealants. Input raw materials are made in house. Solvents for paint production are purchased on the Central European market.
In the field of asphalt emulsion production, participation in tenders for the supply of asphalt emulsions for the Road Administration and Maintenance was successful.

Services - Operation of Fuel Storage and Dispatch Facilities
The Company provided storage and dispatch services for diesel and petrol for ORLEN Unipetrol RPA and SSHR. Investment in increased flexibility in fuel production was used in 2025. This concerned a project to introduce pure HVO to the Czech and Slovak markets. The implementation of this project contributed to meeting the legislative requirement for placing biofuels on the market in the Czech Republic in the ORLEN Unipetrol Group. Advanced biofuels were also added to fuels in 2025 and they also met the stricter legislative requirements. Arctic grade diesel was also newly introduced into distribution.
The expanded storage capacities for diesel, petrol and biofuel components (FAME, HVO) were fully utilised. The fuel store is connected by a pipeline to the ČEPRO, a.s., network.

5.3 Sales Policy and Marketing

As part of the development of its process oil production, PARAMO continued to expand its portfolio of new products in 2025, including alternatives to conventional plasticisers – sustainable process oils. The new products were gradually introduced to customers and supported by targeted marketing activities focused on their technical and environmental benefits.
At the same time, the company actively cooperated with customers in the field of asphalt products, especially in the form of technical consulting, product optimisation according to specific market requirements and joint development of solutions supporting long-term business partnerships.

5.4 Services

The company maintained a stable level of product and service quality in 2025. Complaints and customer comments were dealt with promptly in cooperation between sales and production, thus systematically promoting a high standard of quality across the entire product portfolio.

5.5 Research, Development and Technical Support

The company continued to provide ongoing monitoring and evaluation of engine fuel parameters related to meeting greenhouse gas savings requirements. The amount of advanced biocomponents, the use of which will enable the statutory limits to be met in the following period, was also systematically monitored. Close cooperation within the group and sharing of data needed to meet legislative objectives remains a key element.
The development of special binders with the addition of polymers and other functional substances continued, including for low-temperature technologies or using recycled materials. Research also focused on the verification of new modification methods with the objective of expanding the portfolio and increasing the performance parameters of selected products, including circular solutions. At the same time, some products were modified in response to legislative developments, particularly for emulsion systems. All required product audits were successfully completed and confirmed the products comply with the applicable standards.
In the area of process oils, a new range of sustainable oils was tested and subsequently expanded to include other types. Application tests of alternative new mineral process oil ranges contributed to their commercial success. During the year, the new products were actively presented to customers and the professional public both at home and abroad in order to promote their wider application on the market.

5.6 Investments

In 2025, investments were made to address operational cost savings, refurbishment of existing equipment and legislative requirements for safety and environmental improvements. The preparation and implementation of projects that were part of the 2025 to 2033 Long Term Plan will continue in 2026.

Investments in 2025	Purchase price in CZK ‘000,000	Location	Method of financing
Development buildings	141.0	PARAMO	own
Total maintenance works	21.6	PARAMO	own
- refurbishment	15.1	PARAMO	own
- safety	6.5	PARAMO	own
IFRS 16	2.0	PARAMO	own
Total	164.6		

5.7 Employment Policy and Social Programme

The same as in previous years, human resources was managed by the HR department at the ORLEN Unipetrol group. The main tasks included stabilising staff processes and the organisational structure.

As a result of collective bargaining, one-off bonuses, an increase in basic salary and adjustments to other benefits were approved.

The professional and vocational development of employees was supported to the maximum extent possible. In addition to the statutory training prescribed by legislation, individual professional courses necessary for the development of employees in specific areas, as well as professional conferences, individual coaching and foreign language training, were also given the green light.

The policy and strategy of the ORLEN Unipetrol group continued to be implemented.

The priority remains care for employees and the development of their competences.

5.8 Environmental Policy

In environmental terms, PARAMO built on the positive trends of previous years in 2025. There were no major accidents classified under Act No. 224/2015 Coll. in 2025 Considering the impact of all external influences, the Company has managed to maintain a very high level of environmental protection.

In accordance with the Act on Integrated Prevention, PARAMO, a.s., holds a single integrated permit (IP Refinery) common to all operating units (Fuels, Oils, Asphalts and Energy). Amendments to the integrated permit are continuously issued in response to changes to the applicable legislation or due to the implementation of investment projects.

The production and distribution centres have developed water management emergency plans, which are approved by governmental authorities and included in the IMS documentation.

PARAMO remains fully committed to and guided by all the principles of responsible business in the chemicals industry. PARAMO continues to be a holder of the prestigious Sustainable Development Award.

The Company was subject to both partial investigations and integrated checks by the Czech Environmental Inspectorate, the Regional Public Health Station and Regional Authorities. All the inspections concluded that the audited entity was operated in compliance with all environmental legislation.

In the field of environmental investments, the following environmental investment projects were implemented at PARAMO in 2025:

- Replacement of K2 boiler – new K5 boiler (lower emissions, higher efficiency)
- Reduction of energy intensity of production (reduction of energy losses, higher efficiency)
- Expansion of the HVO storage capacity (introduction of the sustainable biofuel HVO 100)
- Modernisation of asphalt reservoirs (prevention of odour leakage and reduction of energy losses)
- Upgrade to the HCl storage tank control system (acid leak prevention)
- ETBE storage (optimising the use of the sustainable fuel component)
- Modernisation of MES production (better heat transfer and associated lower emissions)

Payment of costs related to the remediation of old environmental burdens at PARAMO is dealt with by environmental agreement No. 39/94 concluded with the National Property Fund/Ministry of Finance of the Czech Republic. The main environmental priorities in 2026 are the operation of production facilities, storage tanks and terminals in accordance with the applicable legislation and ISO 14001:2015 standards, as well as the implementation of remediation pumping and monitoring at the Časy site, operation of hydraulic protection of underground waters on the PARAMO site and, in particular, negotiations with the Ministry of Finance of the Czech Republic on the method of financing the remediation of the Hlavečník and Stage 1B – PARAMO main plant sites.

5.9. Financial Situation

In 2025, PARAMO achieved a positive EBITDA of CZK 11.3 m and an operating profit of CZK 16 th .

This result was mainly due to higher sales of asphalt and asphalt products compared to previous years. The result was further supported by energy savings resulting from a combination of optimisation measures, including the commissioning of a new boiler, which resulted in an overall saving of 9% in natural gas consumption. The high utilisation of Terminal segment infrastructure also contributed to the company's overall performance, generating significant revenues and margins in 2025.

The sales volume of process oils and related products increased slightly year-on-year. New customer acquisitions and new product launches had a positive impact, offsetting lower demand from key customers in 2024.

The Company was financed through a short-term loan as a part of cash pooling. PARAMO is involved in international cash pooling structures in the ORLEN Group.

In the area of fixed costs, the regular review of key items in the financial plan continued with an emphasis on their optimisation. Considerable attention continued to be paid to effective working capital management, in particular the management of receivables, minimising the risk of uncollectible receivables and optimising inventories of raw materials, semi-finished and finished products.

6. Company and Group Structure

6.1 Group Structure

The stock company PARAMO is part of the ORLEN Unipetrol group. ORLEN Unipetrol a.s. owned 100% of the registered capital of PARAMO, a.s., as at 31 December 2025. ORLEN Unipetrol a.s. is owned by the Polish company ORLEN S.A.

Persons Controlling the Issuer

Controlling person	Amount of interest entitling it to vote as at 31 December 2025	Control contract
ORLEN Unipetrol a.s. Milevská 2095/5, Prague 4, post code: 140 00 Business ID number: 61672190	100%	no

There is no control contract between the issuer and the aforementioned company.

Structure of the Main Shareholders in PARAMO, a.s.

Shareholders	% interest in registered capital
ORLEN Unipetrol a.s.	100

Restrictions on Tradability of PARAMO Shares

Due to the transfer of all other shares in PARAMO, a.s., to the main shareholder ORLEN Unipetrol a.s., trading was suspended with effect from 27 February 2009 and the issue of PARAMO, a.s., shares was delisted from trading on the Prague Stock Exchange with effect from 4 March 2009.

Acquisition of Treasury Shares and Provisional Certificates

As at 31 December 2025, the Company held no treasury shares or provisional certificates.

Organisational Components of the Business

As at 31 December 2025, the Company has no organisational component abroad.

PARAMO, a.s., has been a part of the ORLEN Unipetrol group of companies since 2000. ORLEN Unipetrol a.s. is owned by the Polish company ORLEN S.A.

7. Ownership Interests

7.1 Subsidiaries

PARAMO, a.s., has no subsidiaries.

7.2 Other Ownership Interests

Information of this nature is presented in the notes to the financial statements.

8. Audit Report

The audit report is contained in Annex 1

9. Financial Statements of PARAMO, a.s.

The financial statements are contained in Annex 2

10. Report on Relations between Related Parties

The Report on Relations between Related Parties is contained in Annex 3

11. Significant Subsequent Events

Changes in the Supervisory Board in 2026 were as follows:

Position	Change	Date of change	Name
Member	Recalled from the office	with the effect as of 17.2.2026	Zdeněk Jíra
Member	Elected to the office	with the effect as of 17.2.2026	Miroslaw Kastelik

the Company's management is not aware of any other events occurring after the date of the financial statements that would have a material impact on the financial statements as at 31 December 2025.

12. Identification and Contact Details

Business name:	PARAMO, a.s.
Registered office:	Přerovská 560, Svítkov, Pardubice
Postcode:	530 06
Business ID number:	48 17 33 55
Tax ID number for VAT:	CZ699000139
Court of registration:	Regional Court in Hradec Králové
Number under which the Company is registered:	section B, entry no. 992
Telephone:	466 810 111
Fax:	466 335 019
E-mail address:	paramo@paramo.cz
http:	www.paramo.cz
Bank details:	Česká spořitelna, a.s., Prague
Account number:	1236912/0800
Contact details for Shareholder Unit:	PARAMO, a.s., Přerovská 560, Svítkov, 530 06 Pardubice
Legal order and the legal regulation under which the issuer was established:	
Legal order:	Czech Republic
Legal regulation:	Act No. 104/1990 Coll., on joint stock companies
Legal form:	joint stock company
Date of establishment:	1994 (foundation of the Company in 1889)
Established for an indefinite period of time.	

13. Details of Persons Responsible for Annual Report

Konrad Szykuła
Chairman of the Board of Directors
PARAMO, a.s.
Business ID number: 48 17 33 55

Milan Brejchal
Deputy Chairman of the Board of Directors
PARAMO, a.s.
IČ: 48 17 33 55

STATUTORY DECLARATION

The information stated in the annual report corresponds to reality and no material circumstances that could influence the accurate and correct assessment of PARAMO, a.s., have been omitted or distorted in any way.

In Pardubice, on: 10 March 2026

Mgr. Konrad Szykula

Digitally signed by Mgr. Konrad Szykula
Date: 2026.03.10 18:22:30 +01'00'

Konrad Szykuła
Chairman of the Board of Directors

Ing. Milan Brejchal, MBA

Digitálně podepsal Ing. Milan Brejchal, MBA
Datum: 2026.03.10 16:59:18 +01'00'

Milan Brejchal
Vice-Chairman of the Board of Directors